

IRS Fact Sheet

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2003 Tax Changes: Business Taxpayers

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Depreciation and Section 179 Expensing

- The limit on the section 179 expense deduction increased to \$100,000. This limit is reduced by the amount by which the cost of section 179 property placed in service during the year exceeds \$400,000, double last year's threshold. Off-the-shelf computer software is now eligible for this deduction. These changes apply to taxable years beginning after 2002 and before 2006. Taxpayers have an option as to whether or not to claim this deduction.
- The bonus depreciation rate for new property rose from 30% to 50% for property acquired and placed in service after May 5, 2003, and generally before Jan. 1, 2005. The higher rate does not apply to property acquired under a binding contract in effect before May 6, 2003. Taxpayers may elect out of bonus depreciation entirely, or elect to use the 30% rate instead of 50%, by attaching an election statement to their return.

Automobile Expenses

- The first-year depreciation limit for vehicles is:

	<i>Automobiles</i>	<i>Trucks & Vans</i>
Basic:	\$3,060	\$3,360
*30% bonus property acquired before May 6, 2003:	\$7,660	\$7,960
*30% and 50% bonus property acquired after May 5, 2003:	\$10,710	\$11,010

*The basic limit applies if the taxpayer elects out of both 30% and 50% bonus depreciation.

- The standard mileage rate for business use of a car is 36 cents per mile.

Estimated Tax Payments for Corporations

- Twenty-five percent of a corporation's required estimated tax payment for September 2003 was not due until Oct. 1, 2003.